Case3:11-cv-01785-SI Document1 Filed04/12/11, Page1 of 16. FILED EDELSON MCGUIRE LLP **SEAN REIS (SBN 184044)** APR 1 2 2011 sreis@edelson.com 30021 Tomas Street, Suite 300 RICHARD W. WIEK, CLERK, U.S. DISTRICT CO NORTHERN DISTRICT OF CALL Rancho Santa Margarita, CA 92688 Tel: (949) 459-2124 EDELSON MCGUIRE LLC JAY EDELSON\* WILLIAM GRAY\* ARI J. SCHARG\* 350 N. LaSalle Ave, Suite 1300 Chicago, Illinois 60654 Tel: (312) 589-6370 Fax: (312) 589-6378 10 \* Pro hac vice admittance to be sought E-filing DINA 11 Attorneys for Plaintiff William Farrell 12 UNITED STATES DISTRICT COURT 13 NORTHERN DISTRICT OF CALIFORNIA 1785 14 WILLIAM FARRELL, on his own behalf and on behalf of all others similarly 15 CLASS ACTION COMPLAINT FOR: situated, 16 Plaintiff, (1) VIOLATIONS OF THE CREDIT CARD ACCOUNTABILITY RESPONSIBILITY AND v. DISCLOSURE ACT AND THE 19 OPENTABLE, INC., a Delaware **ELECTRONIC FUNDS TRANSFER** corporation d/b/a OpenTable.com, ACT, 15 U.S.C. §1693 et seq.; 20 (2) VIOLATION OF CALIFORNIA CIVIL 21 Defendants, CODE SECTION et seq.; (3) VIOLATIONS OF CALIFORNIA'S 22 UNFAIR COMPETITION LAW, CAL. BUS. & PROF. 23 CODE § 17200; (4) BREACH OF CONTRACT; 24 (5) RESTITUTION/UNJUST 25 ENRICHMENT. 26 DEMAND FOR JURY TRIAL 27 28

Class Action Complaint

## **CLASS ACTION COMPLAINT**

Plaintiff William Farrell ("Plaintiff"), for his Class Action Complaint, alleges as follows upon personal knowledge as to himself and his own acts and experiences and, as to all other matters, upon information and belief based upon, *inter alia*, investigation conducted by his attorneys:

### Introduction

- Plaintiff's claims herein are based upon Defendant OpenTable, Inc.'s (d/b/a
   OpenTable) ("OpenTable") illegal practices related to online gift certificate sales.
- 2. OpenTable is a company that sells, issues, and seeks to sell and issue, through its so-called "Spotlight Deals," gift certificates to consumers throughout the country. OpenTable claims to offer consumers benefits including exclusive offers and savings in the purchase of said gift certificates. Unfortunately, such benefits do not extend to complying with the law.
- 3. In violation of California law, which is OpenTable's choice of law as stated on their website, www.opentable.com, in attempting to make sales of its gift certificates to the merchants, OpenTable knowingly and intentionally place expiration dates on its gift certificates in violation of California Civil Code Section 1749.5 ("California Gift Certificate Law"), the Credit Card Accountability Responsibility and Disclosure Act, PL 111-24, May 22, 2009 ("CARD Act") and the Electronic Funds Transfer Act ("EFTA"), 15 U.S.C. § 1693 et seq. (hereafter, except where otherwise noted, collectively referred to as the "CARD Act").
- 4. In violation of California law, OpenTable knowingly and intentionally employs a business model designed to systematically deceive its customers by selling gift certificates ("certificates") that contain an expiration date. (See Cal. Civ. Code § 1749.5(a)(1) ("It is unlawful for any person or entity to sell a gift certificate to a purchaser that contains ... an expiration date"). Similarly, such expiration dates are also illegal under the CARD Act and EFTA.
- 5. OpenTable's business model is specifically designed to encourage abuse by the companies that redeem the certificates ("merchants"), which is fostered by OpenTable's lack of

supervision as the issuer of the certificate. Indeed, when a merchant fails to honor the certificate or limits the way in which it will be honored, the consumer is pressured by OpenTable to acquiesce to onerous terms. OpenTable adds illegal expiration dates to their gift certificates that force their consumers into choosing between accepting the scam imposed on them or risk losing the entire value of their certificate.

6. Plaintiff brings this action on behalf of himself and a Class and Subclass of individuals seeking injunctive relief, damages, and reasonable costs and attorneys' fees for OpenTable's violations of California Gift Certificate Law, the CARD Act, California's Unfair Competition Law, breach of contract, unjust enrichment, and such other and further relief as the Court deems equitable and just.

#### Nature of the Claim

- 7. OpenTable offers its services to consumers throughout the nation.
- 8. OpenTable advertises itself as being able to negotiate "delicious deals" with merchants to reduce consumers' purchase prices.
- 9. OpenTable offers daily deals on gift certificates redeemable from hundreds, if not thousands, of merchants.
- 10. The consumer agrees to purchase the gift certificate for a specified amount of money, and is told that, despite being subjected to an illegal expiration date, refunds are granted at the sole discretion of OpenTable. (See Exhibit A, a true and accurate copy of Terms of Use). Consumers are then instructed to print out their certificate and take it to the respective merchants for redemption of goods and/or services. (See Exhibit B, a true and accurate copy of certificate issued by OpenTable).
- 11. The merchant, after being presented with a gift certificate by a consumer, verifies the certificate's validity. The certificate is then authenticated and marked as "used" so that it may not be duplicated up to the certificate is then authenticated and marked as "used" so that it may not be duplicated up to the certificate is then authenticated and marked as "used" so that it
- 12. Opentable's imposition of illegal expiration dates on its consumers result in unjust gains for OpenTable to the detriment of the consumer. Specifically, in direct violation of

California's Gift Certificate Law and the CARD Act, OpenTable sells gift certificates that have an illegal and deceptive expiration period.

#### **Parties**

- 13. **Plaintiff William Farrell:** Plaintiff is a resident of Boston, Massachusetts. Plaintiff purchased a gift certificate from OpenTable.
- 14. **Defendant OpenTable, Inc. d/b/a OpenTable:** OpenTable is an Internet seller of gift certificates. OpenTable is a Delaware corporation that is headquartered in San Francisco, California.

### Jurisdiction and Venue

- 15. This Court has subject matter jurisdiction over Plaintiff's claims arising under the laws of the United States pursuant to 28 U.S.C. § 1331, and, as to all other pendant state claims, pursuant to 28 U.S.C. § 1367.
- 16. This Court has personal jurisdiction over OpenTable because it maintains its corporate headquarters in this District and the improper conduct alleged in the Complaint occurred in, was directed and/or emanated from this District.
- 17. Venue is appropriate in this District for the adjudication of this controversy because a substantial part of the events giving rise to Plaintiff's claims occurred in this District.
- 18. Furthermore, OpenTable's Terms of Use state that all parties consent to the jurisdiction of the State of California, County of San Francisco. (Ex. A).

### **Intradistrict Assignment**

19. Pursuant to Civil Local Rule 3-2(e), this case shall be assigned to the San Francisco Division.

### **Facts Regarding Plaintiff**

- 20. On or about December 1, 2010, Plaintiff, after being e-mailed an advertisement from OpenTable, purchased a gift certificate from OpenTable that was redeemable at The Elephant Walk, a merchant located in Boston, Massachusetts. (Ex. B).
  - 21. Under the terms of the contract, Plaintiff was required to pay OpenTable monies

in exchange for a gift certificate redeemable for \$50.00 worth of goods and/or services at The Elephant Walk. (Ex. A).

- 22. The gift certificate, in the "fine print section," states that the certificate expires on December 1, 2011.
- 23. After making payment, OpenTable e-mailed Plaintiff a certificate to the Elephant Walk, which contained an illegal expiration date. (Ex. B).

# Class Allegations: Plaintiff Class and Subclass

- 24. Plaintiff brings this action pursuant to Code of Civil Procedure § 382 on behalf of themselves and a Class and Subclass:
  - (a) **The Expiration Class:** All persons who contracted with OpenTable at any time through the present for purchase of a gift certificate and received a gift certificate that contained an expiration date.
  - (b) The Unused Certificate Subclass: All members of the Class who contracted with OpenTable at any time through the present for purchase of a gift certificate for use at one of the Merchants and received a gift certificate that contained an expiration date and have not yet redeemed the certificate for goods and/or services.

Excluded from the Class and Subclass are (i) any judge presiding over this action and members of their families; (ii) OpenTable, any Merchant, or their subsidiaries, parents, successors, predecessors, and any entity in which OpenTable, any Merchant or their parents have a controlling interest and their current or former employees, officers and directors; (iii) persons who properly execute and file a timely request for exclusion from the Class; and (iv) the legal representatives, successors or assigns of any such excluded persons.

25. **Numerosity:** The exact number of Class members is unknown to Plaintiff at this time, but on information and belief, OpenTable has contracted with thousands of Class members throughout the country, making joinder of each individual member impracticable. Ultimately, the Class and Subclass members will be easily identified through OpenTable's records.

- 26. **Commonality and Predominance:** Common questions of law and fact exist as to all members of the Class and Subclass and predominate over any questions affecting only individual members.
  - (a) Whether OpenTable sold "gift certificates," as that term is defined under 15 U.S.C. 1693l-1(a)(2)(A) and/or California Civil Code Section 1749.6 (a) to members of the Class and Subclass containing an expiration date in direct violation of Federal and/or California law;
  - (b) whether OpenTable's practices violate Federal and/or California law;
  - (c) whether OpenTable's practices violate the public policy of the State of California;
  - (d) whether OpenTable was unjustly enriched as a result of receiving payments from Plaintiff, the Class, and Subclass; and
  - (e) whether Plaintiff, the Class, and Subclass are entitled to relief, and the nature of relief.
- 27. **Typicality:** Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff, the Class, and Subclass sustained damages as a result of OpenTable's uniform wrongful conduct during transactions with Plaintiff, the Class, and Subclass.
- 28. Adequate Representation: Plaintiff will fairly and adequately represent and protect the interest of the Class and Subclass, and has retained counsel competence and experience in complex litigation and class actions. Plaintiff has no interest antagonistic to those of the Class or Subclass, and OpenTable has no defenses unique to Plaintiff.
- 29. **Appropriateness:** The class action is appropriate for certification because class proceedings are superior to all other available methods for the fair and efficient adjudication of this controversy and joinder of all members of the Class and Subclass is impracticable. The damages suffered by the individual members of the Class and Subclass will likely be small relative to the burden and expense of individual prosecution of the complex litigation necessitated by OpenTable's wrongful conduct. Thus, it would be virtually impossible for the individual members of the Class and Subclass to obtain effective relief from OpenTable's

misconduct. Even if members of the Class and Subclass could sustain such individual litigation, it would not be preferable to a class action because individual litigation would increase the delay and expenses to all parties due to the complex legal and factual controversies presented in this Complaint. By contrast, a class action presents far fewer management difficulties and provides the benefits of single adjudication, economy of scale, and comprehensive, supervision, by a single court. Economies of time, effort, and expense will be fostered and uniformity of decisions will be ensured.

- 30. Policies Generally Applicable to the Class: This class action is also appropriate for certification because OpenTable has acted or refused to act on grounds generally applicable to the Class and Subclass, thereby requiring the Court's imposition of uniform relief to ensure compatible standards of conduct toward the members of the Class and Subclass, and making final injunctive relief appropriate with respect to the Class and Subclass as a whole.

  OpenTable's policies challenged herein apply and affect members of the Class and Subclass uniformly and Plaintiff's challenge of these policies hinges on OpenTable's conduct with respect to the Class and Subclass as a whole, not on facts or law applicable only to Plaintiff.
- 31. Plaintiff reserves the right to revise the Class and Subclass definitions based upon information learned through discovery.

# Count I: Violations of the Credit Card Accountability Responsibility and Disclosure Act and Electronic Funds Transfer Act, 15 U.S.C. §1693 et seq. (On behalf of Plaintiff, the Class, and Subclass)

- 32. Plaintiff incorporates the foregoing allegations as if fully set forth herein.
- 33. The CARD Act, which amended EFTA, prohibits the sale or issuance of certificates that contain a period of expiry of less than five (5) years.
- 34. The certificated that OpenTable sold to Plaintiff, the Class and Subclass are "gift certificates" as defined by the CARD Act, because they are: (i) redeemable at a single merchant or an affiliated group of merchants that share the same name, mark, or logo; (ii) issued in a specified amount that may not be increased or reloaded; (iii) purchased on a prepaid basis in

exchange for payment; and (iv) honored upon presentation by such single merchant or affiliated group of merchants for goods or service.

- 35. OpenTable violated the CARD Act by selling gift certificates that contain expiration dates of less than five (5) years to Plaintiff, the Class, and Subclass.
  - 36. OpenTable issues such gift certificates electronically.
- 37. By including the prohibited expiration date on the gift certificates it sells, OpenTable violates the CARD Act to the detriment of Plaintiff, the Class, and Subclass.
- 38. As a proximate and direct result of OpenTable's violations of the Card Act as described herein, Plaintiff, the Class, and Subclass have suffered actual damages.

# Count II: Violation of California Civil Code Section 1749 et seq. (On Behalf of Plaintiff, the Class, and Subclass)

- 39. Plaintiff incorporates the foregoing allegations as if fully set forth herein.
- 40. OpenTable illegally sells and collects monies from the Plaintiff, the Class and the Subclass for gift certificates that unlawfully contain expiration dates.
- 41. By including the prohibited expiration date in the gift certificates they sell, OpenTable violates Cal. Civ. Code § 1749.5(a)(1) to the detriment of Plaintiff, the Class, and Subclass.
- 42. As a result of OpenTable's violations of Cal. Civ. Code § 1749.5(a)(1) as described herein, Plaintiff, the Class, and Subclass have suffered actual damages.

# Count III: Violation of California's Unfair Competition Law Cal. Bus. & Prof. Code §§ 17200, et seq. (On Behalf of Plaintiff and the Class)

- 43. Plaintiff incorporates the foregoing allegations as if fully set forth herein.
- 24 44. California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§
  25 17200, et seq., protects both consumers and competitors by promoting fair competition in commercial markets for goods and services.
  - 45. The UCL prohibits any unlawful, unfair or fraudulent business act or practice. A

business practice need only meet one of the three criteria to be considered unfair competition.

An unlawful business practice is anything that can properly be called a business practice and that at the same time is forbidden by law.

- 46. OpenTable has violated the unfair prong of the UCL in that, as described above, it issued and sold gift certificates with illegal and/or deceptive expiration periods. OpenTable continues to profit from its unfair acts.
- 47. OpenTable has violated the unlawful prong of the UCL in that Defendant's conduct violates, as discussed above, the CARD Act and EFTA and the California Gift Certificate Law.
- 48. OpenTable's actions caused and continue to cause substantial injury to Plaintiff, the Class, and Subclass. Plaintiff, the Class, and Subclass have lost monies as a result of OpenTable's actions.
- 49. Pursuant to Cal. Bus. & Prof. Code § 17203, Plaintiff seeks an order of this Court permanently enjoining OpenTable from continuing to engage in the unfair and unlawful conduct described herein. Plaintiff seeks an order requiring Defendant to (1) immediately cease the unlawful practices stated in this Complaint, and (2) pay attorney's fees and costs pursuant to Cal. Code Civ. Proc. § 1021.5.

# Count IV: Breach of Contract (On behalf of Plaintiff, the Class, and Subclass)

- 50. Plaintiff incorporates the foregoing allegations as if fully set forth herein.
- 51. Plaintiff and members of the Class and Subclass entered into agreements with OpenTable whereby OpenTable agreed to sell and Plaintiff agreed to buy gift certificates to a merchant.
- 52. OpenTable expressly and/or impliedly agreed to provide Plaintiff, the Class, and Subclass a product without an expiration date. At no time prior to or after purchase, did Defendant require Plaintiff to "click" to signify acquiescence to an expiration date, illegal or

otherwise.

- 53. OpenTable further expressly and/or impliedly agreed to carry out its obligations in good faith and fair dealing. OpenTable breached its contractual obligations by providing Plaintiff and the Class and Subclass with additional and illegal terms containing an expiration date.
- 54. OpenTable further breached its contractual obligations, including its contractual obligation of good faith and fair dealing, by knowingly adding the illegal expiration dates despite knowledge that its post-contractual terms were in violation of Federal and California law.
- 55. Plaintiff and the Class and Subclass have performed their obligations under the contracts. The aforementioned breaches of contract have proximately caused Plaintiff, the Class, and subclass economic injury and other damages.

# Count V: Restitution/Unjust Enrichment (On behalf of Plaintiff, the Class, and Subclass)

- 56. Plaintiff incorporates the foregoing allegations as if fully set forth herein.
- 57. OpenTable has knowingly received and retained benefits from Plaintiff, the Class, and Subclass under circumstances that would render it unjust to allow OpenTable to retain such benefits.
- 58. By requiring Plaintiff, the Class, and Subclass to pay upfront monies and then adding additional terms, OpenTable knowingly received and appreciated benefits at the expense and to the detriment of Plaintiff, the Class, and Subclass.
- 59. OpenTable's receipt of monies from Plaintiff, the Class, and Subclass, allowed them to utilize those monies for its own purposes, without expending resources to perform its obligations under the contract.
  - 60. OpenTable appreciates and/or has knowledge of that benefit.
- 61. Under principles of equity and good conscience, OpenTable should not be permitted to retain the monies belonging to Plaintiff, the Class, and Subclass that were paid in the form of payment for gift certificates, and that OpenTable unjustly received as a result of its

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misconduct alleged herein.

# **Prayer for Relief**

WHEREFORE, Plaintiff William Farrell, on his own behalf and on behalf of the Class and Subclass, prays that the Court enter an order and judgment in his favor and against OpenTable as follows:

- (a) Certifying this case as a class action;
- (b) Designating Plaintiff as Class Representative and his attorneys as Class Counsel;
- (c) Granting such injunctive relief that is necessary to protect the Plaintiff, the Class, and the Subclass;
- (d) Granting equitable and injunctive relief to Plaintiff and the Class for Count V, including restitution, disgorgement, and an accounting of all revenue gained by OpenTable through their unlawful conduct alleged herein;
- (e) Awarding Plaintiff, the Class, and the Subclass actual damages;
- (f) Awarding Plaintiff, the Class, and the Subclass statutory damages;
- (g) Awarding Plaintiff, the Class, and the Subclass reasonable costs and attorneys' fees;
- (h) Awarding Plaintiff, the Class, and the Subclass pre- and post-judgment interest; and
- (i) Granting such other and further relief as the Court deems equitable and just.

### **DEMAND FOR JURY TRIAL**

Plaintiff requests trial by jury of all matters that can be so tried.

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2	Dated: April 12, 2011		William Farrell, individually and on behalf of all others similarly
3			situated,
4			
5		Ву:	/s/ Sean Reis One of his attorneys
6			·
7	Sean Reis (SBN 184044)		
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17	* Pro hac vice admittance to be sought		
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# EXHIBIT A



Restaurant Reservations - Free • Instant • Confirmed

OpenTable Home Sign In Join How It Works Help

Chicago

Today's Spotlight

Recent Deals

## Acceptance of Terms

#### **Promotional Vouchers**

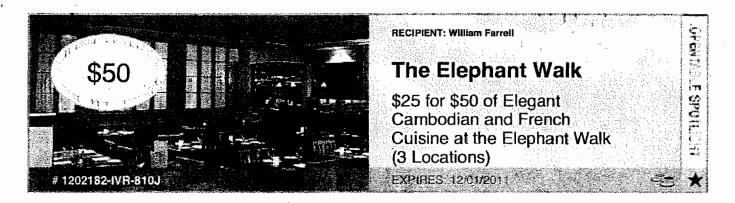
The following terms and conditions in addition to the <u>OpenTable User Agreement</u> and the <u>OpenTable Privacy Policy</u> (collectively, "OpenTable Policies") govern the purchase of any promotional voucher from the OpenTable Site (hereinafter "Voucher"). BY PURCHASING A VOUCHER YOU ("YOU" OR "USER") KNOWINGLY ACCEPT AND ACKNOWLEDGE OPENTABLE POLICIES. IF YOU DO NOT AGREE TO THE OPENTABLE POLICIES, PLEASE DO NOT PURCHASE ANY VOUCHERS.

OpenTable shall provide Users with the opportunity to purchase Vouchers from certain Restaurants. All Vouchers obtained from the OpenTable Site are Vouchers that may be purchased from participating Restaurants through OpenTable to be used in exchange for services at a discount from their actual cost.

- 1. By placing an order for a Voucher from a Restaurant through OpenTable, you make an offer to purchase the Vouchers you have selected and you agree to the OpenTable Policies and fine print listed within the Voucher offer. You are required to create an account and become a Registered User of OpenTable In order to purchase any Voucher. This is required so we can provide you with easy access to print your orders, view your past purchases, modify your preferences, and to ensure permissible use of the Voucher.
- 2. The following shall be applicable to all Vouchers sold through OpenTable:
- Use of Vouchers for alcoholic beverages is at the sole discretion of the Restaurant and is subject to compliance with
  applicable law. All purchases of Vouchers may have statutory limitations on the amount of the Voucher value that can
  be redeemed for alcoholic beverages. Compliance with state statutes or codes is the responsibility of the Restaurant.
  OpenTable's sole role in the transaction is as a marketing agent for the Restaurant and the applicability and compliance
  with any relevant statute or code is solely determined and consummated by the Restaurant, and OpenTable has no role
  in such determination or action on the part of the Restaurant.
- Vouchers cannot be combined with any other restaurant vouchers, third party certificates, coupons, or promotions, unless otherwise permitted by Restaurant.
- · Vouchers cannot be used for taxes, tips or prior balances, unless permitted by the Restaurant.
- Vouchers are redeemable in their entirety and on a one time basis only and may not be redeemed incrementally. The
  issuing of restaurant credit is at the sole discretion of the Restaurant and Vouchers have no cash value unless otherwise
  required by applicable law.
- Neither OpenTable nor the Restaurant is responsible for lost or stolen Vouchers or Voucher reference numbers.
- · Reproduction, sale or trade of a Voucher is prohibited unless done so in compliance with applicable law.
- · Any attempted redemption not consistent with these terms & conditions will render the Voucher vold.
- Void to the extent prohibited by law.
- 3. The Voucher you purchase through OpenTable is redeemable for services by the Restaurant. The Restaurant, not OpenTable, is the seller of the Voucher and the services and is solely responsible for redeeming any Voucher you purchase. The Restaurant shall be fully responsible for any and all injuries, illnesses, damages, claims, liabilities and costs suffered by or in respect of a customer, caused in whole or in part by the Restaurant, as well as for any unclaimed property liability arising from unredeemed Vouchers or portions thereof. You waive, and release OpenTable and its officers, directors, employees and agents from, any claim, liabilities, damages, or injury arising from or related to any act or omission of Restaurant in connection with a Voucher or the services provided in connection therewith and/or as it relates to compliance with applicable unclaimed property and other laws relating to the redemption of the Vouchers or any portion thereof.
- 4. While the expiration date on the Voucher dictates the last date that you can use your Voucher at the Restaurant for the promotional offer stated on the Voucher, applicable law may provide that the Restaurant is responsible for redeeming or honoring the cash value that you paid for your Voucher for a period of time beyond the expiration date stated on the Voucher. If a Restaurant has refused to redeem the cash value of an expired Voucher or to redeem the Voucher for the promotional offer stated on the Voucher then please contact OpenTable in writing and OpenTable may, at its sole discretion or if applicable law requires, refund the purchase price of the Voucher in either U.S. Dollars or credit for purchases of future Vouchers from OpenTable.

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# **EXHIBIT B**



Present this Spotlight certificate at the start of your meal so the restaurant can apply the discount to your bill.

For help regarding this certificate, please call (800) 673-6822

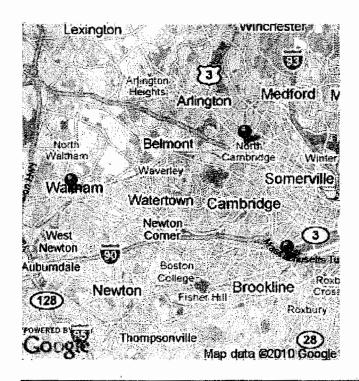
# **Details**

Valid at all 3 locations - Boston, Cambridge, and Waltham. Tax and 18% gratuity will be added to the final bill. Expires in 1 year - December 1, 2011.

As with all Spotlight deals:
Limit 1 certificate per party per visit.
Only valid for parties of 2 or more.
Not valid with any other offers.
Dine-in only.
No cash value or cash back.
Entire amount must be used in 1 visit.
Tax and gratuity are not included. Please tip your server as you would on the full price of the meal. (Exception noted above.)

\*\*\*SPOTLIGHTS DELIGHT! GIFT THIS DEAL TODAY.\*\*\*

CUT OR TEAR



## The Elephant Walk

900 Beacon Street

Boston, Massachusetts 02215

http://www.opentable.com/the-elephant-walk-boston

Phone: (617) 247-1500

